



**State of Louisiana**  
Department of Health and Hospitals

**BAYOU HEALTH**

**VIA E-MAIL ONLY**

July 9, 2015

Jamie Schlottman, Chief Executive Officer  
Louisiana Healthcare Connections  
8585 Archives Avenue, Ste. 310  
Baton Rouge, LA 70809

Dear Mr. Schlottman:

**RE: Notice of Concern, CHS Annual Audited Financial Statement**

A potential non-compliance issue has come to my attention concerning Community Health Solutions (CHS) and submission of report 184 – Annual Audited Financial Statement. Section 3.8 of the contract between the Louisiana Department of Health and Hospitals (DHH) and CHS requires that this deliverable be submitted within six months after year-end, as noted below.

**3.8 Financial Reporting**

The CCN shall submit to DHH unaudited quarterly financial statements and an annual audited financial statement. Quarterly financial statements shall be submitted no later than sixty (60) days after the close of each calendar quarter. Audited annual statements shall be submitted no later than six (6) months after the close of the CCN's fiscal year. All financial reporting shall be based on Generally Accepted Accounting Principles (GAAP). The financial statements shall be specific to the operations of the CCN rather than to a parent or umbrella organization.

This deliverable was past due as of July 1, 2015, and communications with Elizabeth Barry, controller for CHS, indicate that this report is still pending with CHS' contracted auditor.

Please be advised that Section 18.3 of the contract between DHH and CHS permits monetary penalties for late deliverables; penalties vary by occurrence and duration, as shown in the chart below.

**18.3. DHH Monetary Penalties for Noncompliance with Other Timely Reporting or Deliverable Requirements**

- 18.3.1. For each day that a deliverable is late, incorrect or deficient, the CCN may be liable to DHH for monetary penalties in an amount per calendar day per

deliverable as specified in the table below for reports and deliverables not otherwise specified in the above Table of Monetary Penalties.

18.3.2. Monetary penalties have been designed to escalate by duration and by occurrence over the term of this Contract.

| Occurrence    | Daily Amount for Days 1 - 14 | Daily Amount for Days 15-30 | Daily Amount for Days 31-60 | Daily Amount for Days 61 and Beyond |
|---------------|------------------------------|-----------------------------|-----------------------------|-------------------------------------|
| 1-3           | \$ 750                       | \$ 1,200                    | \$ 2,000                    | \$ 3,000                            |
| 4-6           | \$ 1,000                     | \$ 1,500                    | \$ 3,000                    | \$ 5,000                            |
| 7-9           | \$ 1,500                     | \$ 2,000                    | \$ 4,000                    | \$ 6,000                            |
| 10-12         | \$ 1,750                     | \$ 3,500                    | \$ 5,000                    | \$ 7,500                            |
| 13 and Beyond | \$ 2,000                     | \$ 4,000                    | \$ 7,500                    | \$10,000                            |

DHH will allow CHS one week from the date of this notice to submit the annual audited financial statement (i.e. report 184) without penalty. If the report is not received by July 16, 2015, a penalty may be assessed beginning July 1, 2015 until the date that the report is received by DHH. (Note that this is the first occurrence of non-compliance on this issue, so penalties begin at \$750 per day, then increase to as much as \$3,000 per day.)

Any questions should be directed to Marisa Naquin at (504) 408-1828 or [Marisa.Naquin@LA.GOV](mailto:Marisa.Naquin@LA.GOV).

Sincerely,



Jen Steele  
Medicaid Deputy Director

JS/men

c: Steve Annison  
Diane Batts  
Mary Johnson  
J. Ruth Kennedy  
Kerri Lea  
Angela Marshall  
Joette Smith